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## UPDATE

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December 15, 2011

### QUOTA EXCHANGE

The market-clearing price established for the December, 2011 Quota Exchange was \$29,000.00

The next Quota Exchange will be held on January 16, 2012. All offers to sell and bids to purchase quota through the Quota Exchange must be received at the SaskMilk office by midnight, January 6, 2012. SaskMilk recommends that offers and bids be submitted well in advance of the deadline date to ensure adequate time for corrections, if necessary.

Just a reminder to producers that when making bids on the Quota Exchange, the price on offers to sell quota is the minimum price that the producer is prepared to accept for that quota. Only if the market-clearing price is equal to or greater than the producer's minimum price will that producer qualify for participation in the Exchange. Conversely, the price on offers to purchase quota is the maximum price that the producer is prepared to pay for that quota. Only if the market-clearing price is equal to or less than the producer's maximum price will that producer qualify for participation in the Exchange. The clearing price is set at the price where the smallest difference exists between the accumulated volume offered for sale and the accumulated volume bid to purchase.

The results of the Quota Exchange are outlined in the following Table.

### DECEMBER, 2011 QUOTA EXCHANGE RESULTS SUMMARY

|   |             |
|---|-------------|
| Market Clearing Price per kilogram of butterfat | \$29,000.00 |
| Daily Kilograms offered to Purchase             | 91.70       |
| Kilograms offered to Sell                       | 75.89       |
| Kilograms sold                                  | 57.20       |
| Number of Producers                             |             |
| - offered to purchase                           | 10          |
| - purchased quota                               | 8           |
| - offered to sell                               | 4           |
| - sold quota                                    | 4           |

**DECEMBER, 2011 QUOTA EXCHANGE CLEARING PRICE RESULTS**

| Price (\$/daily kg b.f.) | No. of Sellers | Cumulative Sellers | Daily Kgs b.f. offered for sale | Cumulative sales | Cumulative Sales less Cumulative purchases | Cumulative purchases | Daily Kgs b.f. offered to purchase | Cumulative Buyers | No. of buyers |
|--------------------------|----------------|--------------------|---------------------------------|------------------|--|----------------------|------------------------------------|-------------------|---------------|
| 27,000                   | 1              | 1                  | 0.89                            | 0.89             | -90.81                                     | 91.70                | 0.00                               | 10                | 0             |
| 28,500                   | 2              | 3                  | 45.00                           | 45.89            | -45.81                                     | 91.70                | 24.50                              | 10                | 1             |
| 28,750                   | 0              | 3                  | 0.00                            | 45.89            | -21.31                                     | 67.20                | 10.00                              | 9                 | 1             |
| <b>29,000</b>            | <b>1</b>       | <b>4</b>           | <b>30.00</b>                    | <b>75.89</b>     | <b>18.69</b>                               | <b>57.20</b>         | <b>10.00</b>                       | <b>8</b>          | <b>2</b>      |
| 29,200                   | 0              | 4                  | 0.00                            | 75.89            | 28.69                                      | 47.20                | 17.20                              | 6                 | 2             |
| 29,500                   | 0              | 4                  | 0.00                            | 75.89            | 45.89                                      | 30.00                | 20.00                              | 4                 | 3             |
| 30,000                   | 0              | 4                  | 0.00                            | 75.89            | 65.89                                      | 10.00                | 10.00                              | 1                 | 1             |

**TRANSFER CREDIT SUMMARY REPORT**

| MONTH      | # OF PRODUCERS TRANSFER IN | # OF PRODUCERS TRANSFER OUT | TOTAL KGS BUTTERFAT |
|------------|----------------------------|-----------------------------|---------------------|
| November   | 23                         | 21                          | 31,871              |
| December   | 25                         | 26                          | 33,472              |
| January/11 | 27                         | 20                          | 29,306              |
| February   | 25                         | 19                          | 25,424              |
| March      | 38                         | 34                          | 37,078              |
| April      | 21                         | 14                          | 20,912              |
| May        | 14                         | 16                          | 17,747              |
| June       | 20                         | 18                          | 21,400              |
| July       | 14                         | 13                          | 18,903              |
| August     | 19                         | 26                          | 29,476              |
| September  | 14                         | 13                          | 15,745              |
| October    | 23                         | 21                          | 25,971              |
| November   | 25                         | 27                          | 27,199              |

**OVER QUOTA (OVER 10 DAYS) REPORT BY MONTH**

| MONTH        | # OF PRODUCERS | KGS BUTTERFAT |
|--------------|----------------|---------------|
| November     | 2              | 615           |
| December     | 1              | 307           |
| January 2011 | 0              | 0             |
| February     | 2              | 134           |
| March        | 0              | 0             |
| April        | 1              | 104           |
| May          | 2              | 185           |
| June         | 2              | 392           |
| July         | 2              | 267           |
| August       | 1              | 78            |
| September    | 2              | 157           |
| October      | 3              | 357           |
| November     | 3              | 329           |

**SUMMARY REPORT OF CREDITS November, 2011 – 180 PRODUCERS**

| <b> DAYS</b> | <b># OF PRODUCERS</b> | <b>POSITIVE CREDITS ACCUMULATED (KGS OF BUTTERFAT)</b> |
|--------------|-----------------------|--|
| +10          | 3                     | 1,068  |
| + 5 to +10   | 15                    | 10,444   |
| 0 to + 5     | 12                    | 3,111  |
| <b>TOTAL</b> | <b>30</b>             | <b>14,623</b>  |
| <b> DAYS</b> | <b># OF PRODUCERS</b> | <b>NEGATIVE CREDITS ACCUMULATED (KGS OF BUTTERFAT)</b> |
| -20          | 20                    | -32,177  |
| -15 to -20   | 36                    | -137,882   |
| -10 to -15   | 40                    | -73,954  |
| -5 to -10    | 25                    | -19,449  |
| 0 to -5      | 29                    | -7,713.06  |
| <b>TOTAL</b> | <b>150</b>            | <b>-271,174</b>  |

**LOST OPPORTUNITY REPORT**

| <b>MONTH</b>  | <b># OF PRODUCERS</b> | <b>LOST OPPORTUNITY (KGS OF BUTTERFAT)</b> |
|---------------|-----------------------|--|
| November      | 33                    | 25,200                                     |
| December      | 20                    | 6,612                                      |
| January, 2011 | 18                    | 3,201                                      |
| February      | 20                    | 5,047                                      |
| March         | 13                    | 2,251                                      |
| April         | 20                    | 5,157                                      |
| May           | 24                    | 6,688                                      |
| June          | 18                    | 5,490                                      |
| July          | 24                    | 7,904                                      |
| August        | 24                    | 10,994                                     |
| September     | 28                    | 13,098                                     |
| October       | 21                    | 8,137                                      |
| November      | 18                    | 5,354                                      |

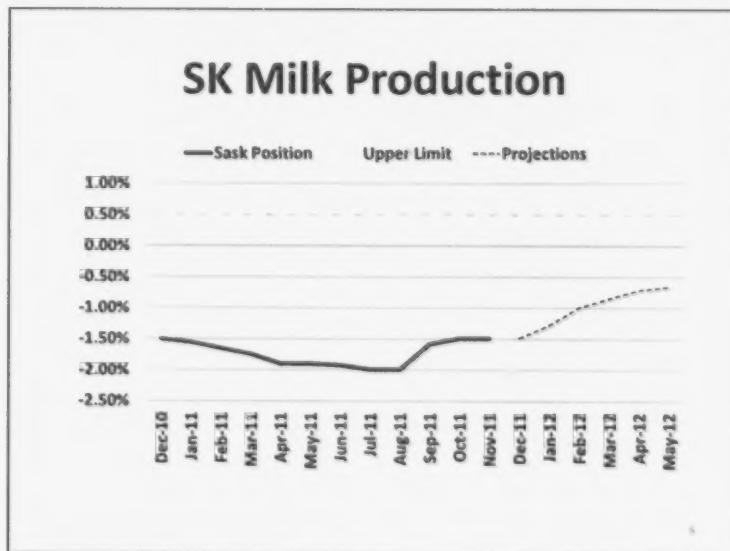
### WEIGHTED AVERAGE COMPONENT TESTS & PRICES November, 2011

| Components   | Average Test | Price per kilogram<br>Class 1 to 5 |
|--------------|--------------|------------------------------------|
| Butterfat    | 4.0203       | \$11.758885                        |
| Protein      | 3.4527       | 8.758867                           |
| Other Solids | 5.6854       | 1.329730                           |

Based on the average component tests for the province, the average price received was \$85.0711 per hectolitre. The average butterfat price received per kilogram was \$21.15

### SASKATCHEWAN MILK POOL RESULTS November, 2011

|                                  |                         |
|----------------------------------|-------------------------|
| Milk Sale Revenue                | \$ 14,546,874.67        |
| Western Milk Pool                | \$ 1,173,058.08         |
| CDC Surplus Refund               | \$ 325,455.00           |
| Audit Adjustment                 | \$ -10,107.56           |
| Dairy Farmers of Canada Skim Off | \$ - 18,225.64          |
| Plant of Last Resort Service     | \$ - 56,175.35          |
| <b>Total Pool Value</b>          | <b>\$ 15,960,879.20</b> |



In November, Saskatchewan had a monthly CDC allocation of 767,697 kilograms of butterfat. In the month of November, Saskatchewan production was **-13,441 kilograms** of butterfat **under** and cumulatively **under** by **-134,492 kilograms** of butterfat. On a percentage basis, Saskatchewan is at **-1.50%** within our CDC allocation flexibility limits based on the Continuous Quota model. The -1.50% lower flexibility limit is in effect.

|                | (1)<br>Monthly<br>Total<br>Production<br><br>Kgs bf | (2)<br>Total<br>Monthly<br>CDC Quota<br>Allocation<br><br>Kgs bf | (3)<br>Monthly<br>Over or<br>(Under)<br>Production<br><br>Kgs bf | (4)<br>Lower<br>Flexibility<br>Limit<br><b>(1.5%)</b><br><br>col. 1 - 2 = 3 | (5)<br>Upper<br>Flexibility<br>Limit<br><b>1.0%</b><br><br>col. 9 * -1.5% | (6)<br>Cumulative<br>Over or<br>(Under)<br>Production<br>with limits<br><br>Kgs bf | (7)<br>Cumulative<br>Over or<br>(Under)<br>Production<br>with limits<br>in - %<br><br>col. 6 / 9 | (8)<br>Over Quota<br>or (Lost<br>Production<br>Opportunity)<br><br>Kgs bf | (9)<br>Rolling<br>12 Month<br>Total<br>Quota<br><br>Kgs bf |
|----------------|---|--|--|---|---|--|--|---|--|
| <b>Nov-10</b>  | <b>686,111</b>                                      | <b>752,717</b>   | <b>(66,606)</b>  | <b>(130,059)</b>  | <b>43,353</b>   | <b>(146,520)</b>   | <b>-1.69%</b>  | <b>(92,915)</b>   | <b>8,670,615</b>   |
| <b>Dec-10</b>  | <b>731,120</b>                                      | <b>785,901</b>   | <b>(54,781)</b>  | <b>(130,400)</b>  | <b>43,467</b>   | <b>(131,008)</b>   | <b>-1.51%</b>  | <b>(70,294)</b>   | <b>8,693,300</b>   |
| <b>Jan-11</b>  | <b>742,948</b>                                      | <b>758,126</b>   | <b>(15,178)</b>  | <b>(130,878)</b>  | <b>43,626</b>   | <b>(135,861)</b>   | <b>-1.56%</b>  | <b>(10,324)</b>   | <b>8,725,211</b>   |
| <b>Feb-11</b>  | <b>673,205</b>                                      | <b>682,398</b>   | <b>(9,193)</b>   | <b>(131,181)</b>  | <b>43,727</b>   | <b>(145,054)</b>   | <b>-1.66%</b>  | <b>0</b>  | <b>8,745,397</b>   |
| <b>Mar-11</b>  | <b>748,293</b>                                      | <b>757,080</b>   | <b>(8,787)</b>   | <b>(175,333)</b>  | <b>43,833</b>   | <b>(153,501)</b>   | <b>-1.75%</b>  | <b>0</b>  | <b>8,766,601</b>   |
| <b>Apr-11</b>  | <b>723,139</b>                                      | <b>737,593</b>   | <b>(14,454)</b>  | <b>(175,933)</b>  | <b>43,983</b>   | <b>(167,955)</b>   | <b>-1.91%</b>  | <b>0</b>  | <b>8,796,654</b>   |
| <b>May-11</b>  | <b>750,663</b>                                      | <b>750,954</b>   | <b>(291)</b>   | <b>(176,510)</b>  | <b>44,127</b>   | <b>(168,245)</b>   | <b>-1.91%</b>  | <b>0</b>  | <b>8,825,483</b>   |
| <b>June-11</b> | <b>723,059</b>                                      | <b>725,685</b>   | <b>(2,626)</b>   | <b>(177,134)</b>  | <b>44,283</b>   | <b>(170,871)</b>   | <b>-1.93%</b>  | <b>0</b>  | <b>8,656,690</b>   |
| <b>July-11</b> | <b>725,673</b>                                      | <b>736,879</b>   | <b>(11,206)</b>  | <b>(177,781)</b>  | <b>44,445</b>   | <b>(177,781)</b>   | <b>-2.00%</b>  | <b>(4,296)</b>  | <b>8,889,063</b>   |
| <b>Aug-11</b>  | <b>733,202</b>                                      | <b>745,258</b>   | <b>(12,056)</b>  | <b>(178,343)</b>  | <b>44,586</b>   | <b>(178,343)</b>   | <b>-2.00%</b>  | <b>(11,494)</b>   | <b>8,917,144</b>   |
| <b>Sep-11</b>  | <b>716,780</b>                                      | <b>744,377</b>   | <b>(27,597)</b>  | <b>(178,676)</b>  | <b>44,669</b>   | <b>(142,058)</b>   | <b>-1.59%</b>  | <b>(63,882)</b>   | <b>8,933,794</b>   |
| <b>Oct-11</b>  | <b>762,771</b>                                      | <b>774,172</b>   | <b>(11,401)</b>  | <b>(134,267)</b>  | <b>44,756</b>   | <b>(134,267)</b>   | <b>-1.50%</b>  | <b>(19,192)</b>   | <b>8,951,139</b>   |
| <b>Nov-11</b>  | <b>754,256</b>                                      | <b>767,697</b>   | <b>(13,441)</b>  | <b>(134,492)</b>  | <b>44,831</b>   | <b>(134,492)</b>   | <b>-1.50%</b>  | <b>(13,216)</b>   | <b>8,966,120</b>   |

- (1) Monthly Production in Saskatchewan
- (2) Total Monthly Quota = Class 1 sales + Monthly MSQ + Carry Forward
- (3) Difference between the monthly production (1) and the total monthly quota (2)
- (4) The Lower Flexibility Limit is -1.5% of Rolling 12 Month Total Quota (9)
- (5) The Upper Flexibility Limit is 1.0% of Rolling 12 Month Total Quota (9)
- (6) Previous Month Cumulative Over or (Under) Production + Current Monthly Over or (Under) Production (capped at lower or upper limit if applicable)
- (7) Equal to Column (6) expressed as a percentage basis within the flexibility limits
- (8) Over Quota or (Lost production opportunity) outside of flexibility limits
- (9) Total Monthly CDC Quota Allocation for the previous 12 months

## **QUOTA LISTING SERVICE**

SaskMilk offers a free quota listing service as part of its Newsletter. Anyone wishing to sell or purchase quota and/or cows or miscellaneous dairy equipment is welcome to contact the SaskMilk office at (306) 949-6999. All prices and negotiations will be independent of SaskMilk. **Please note that ads will be posted in two issues and will then be removed unless SaskMilk is notified otherwise.**

### **Quota for sale**

- Quota for sale – 41.61 kilograms. Contact Brian Sperling at (306) 647-2728

### **30<sup>th</sup> ANNUAL WESTERN DAIRY SEMINAR – Red Deer, Alberta**

The Western Canadian Dairy Seminar is in its 30<sup>th</sup> year of providing dairy producers and dairy industry representatives with the latest applicable research findings to help ensure the profitability and sustainability of the Western dairy industry.

This seminar is of tremendous value to anyone with an interest in the dairy industry. A wide variety of topics are presented, ranging from nutrition and reproduction to dairy policy and challenges facing the dairy industry.

Please see the enclosed brochure for registration information.

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